



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 1032 (1955)

May 29, 1984

SUBJECT: Sale of Surplus Real Estate Property That was Acquired Pursuant to the Consolidated Farm and Rural Development Act (CONACT) and the Emergency Agricultural Credit Adjustment Act of 1978

TO: All State Directors, Farmer Programs Chiefs,  
District Directors and County Supervisors

We are concerned about the handling of the sale of surplus real estate properties acquired under the subject Acts particularly where the bidder wants the terms offered by FmHA and plans to subdivide and sell smaller tracts of land.

- A. The following suggestions are provided to help you avoid the problems that have arisen from such proposals:
1. If the good agricultural land is or will be classified as surplus because it is too large to be classified as suitable, and the State Director determines that the property can feasibly be divided and offered for sale as suitable farm tracts, the State Director may permit the division of the property providing it does not change the property from suitable to surplus and a better price can be obtained if the property is subdivided. If the tract is small and it is good agricultural land, it can still be classified as suitable as an add-on unit for an eligible applicant.
- B. When offering a property for sale by sealed or negotiated bid, the public advertisement or notification announcing the property for sale should contain the items outlined in paragraph 1955.116 (b) (2) of FmHA Instruction 1955-C and the following statements:
1. Bids will be accepted only on Form FmHA 465-10, "Invitation, Bid and Acceptance."
  2. The location where bid forms and bid instructions may be obtained.
  3. Acceptance of any bid based on the condition that FmHA finance all or a portion of the sale on terms will be subject to approval of the bidder's credit by FmHA.

EXPIRATION DATE: September 30, 1984

FILING INSTRUCTION PRECEDING:  
FmHA Instruction 1955-C

The public advertisement or notification should also contain any conditions that might have a bearing on the sale such as outstanding leases on irrigation equipment or other chattel type property that does not pass with the farm.

C. For each sale, a bid package should be developed for distribution to prospective buyers. This package should include as a minimum the following:

1. A Form FmHA 465-10.
2. A description of the property.
3. A statement that bids will be accepted only in writing on Form FmHA 465-10, "Invitation, Bid and Acceptance." Any conditions of the bid proposed by the bidder which are not specified on Form FmHA 465-10 must be attached to Form FmHA 465-10.
4. A statement that, if the bids received are for the same amount, preference will be given to the bid offering cash over the bid requiring financing by FmHA.
5. A statement that bidders whose bids contain the condition that FmHA finance the sale on terms will submit, along with Form FmHA 465-10, a current financial statement and a pro forma statement indicating their repayment ability.
6. The final date and time for submitting bids.

  
CHARLES W. SHUMAN  
Administrator